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*Attorneys for Debtors
and Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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	:
In re	:
	:
SEARS HOLDINGS CORPORATION, et al.,	:
	:
Debtors.¹	:
	:
-----X	

Chapter 11
Case No. 18-23538 (RDD)
(Jointly Administered)

NOTICE OF EXHIBIT FOR UPDATE PRESENTATION TO THE COURT

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); SR – Rover de Puerto Rico, LLC (f/k/a Sears, Roebuck de Puerto Rico, Inc.) (3626); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Rover Business Unit, LLC (f/k/a Sears Brands Business Unit Corporation) (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); Sears Brands Management Corporation (5365); and SRe Holding Corporation (4816). The location of the Debtors' corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

PLEASE TAKE NOTICE that attached hereto as **Exhibit A** is a an exhibit that
will be presented to the Court at the status conference to be conducted at the hearing on **June 17, 2020**
at 10:00 a.m. (Eastern Time).

Dated: June 17, 2020
New York, New York

/s/ Garrett A. Fail
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Exhibit A

STATUS UPDATE PRESENTAION

SEARS HOLDINGS

STATUS UPDATE PRESENTATION TO THE COURT

June 17, 2020

Progress on Administrative Claims Reconciliation

- Reconciled more than **3,942** total claims, ballots, motions, books and records, and other requests for payment and administrative claims
- Eliminated more than **\$1.3 billion** of claims asserting entitlement to administrative or priority status
- Allowed **1,606** claims
- Disputing **167** claims asserting approximately \$49m

Progress on Distributions

- Initial post-confirmation settlement distribution of \$21 million made in December
- Second distribution will follow the July omnibus hearing
 - **1,121** “de minimis” claims will be satisfied in full up to respective settlement limits
 - Represents **70%** of all allowed administrative claimants in the case
 - **955** of these claims are newly-allowed and will be receiving their first and final distribution
 - **294** additional newly-allowed claims will receive a first settlement distribution
 - The **294** claims will receive the full “catch-up” distribution
 - The same **28.7%** distributed to holders of allowed claims in December initial distribution
 - Equivalent **28.7%** cash reserves for disputed claims
 - Estimated distribution to allowed creditors is **\$15 million**
 - Estimated amount reserved for disputed claims is **\$14 million**

Post-Confirmation Update on Sources

Sources, excluding certain litigation assets, increased by **\$49.5 million**

(\$ in millions)	Confirmation Date Estimates	Estimates as of 5/30/20 through June 2020 May 2020 forward Total		
SOURCES				
Cash On Hand at Confirmation	\$45.4	\$48.5	\$0.0	\$48.5
Calder Net Proceeds	10.0	0.0	6.0	6.0
Real Estate Proceeds	13.1	9.9	5.1	15.0
De Minimis Assets	5.3	6.3	2.0	8.3
2017 EDA Funds	5.0	5.2	0.0	5.2
Utility Deposit	4.7	10.0	0.0	10.0
Subtotal	83.5	79.9	13.1	93.0
Contribution from Carve Out	0.0	9.0	0.0	9.0
Tax Refunds - Received	0.0	4.9	0.0	4.9
Blue Cross Blue Shield Escrow	0.0	3.9	0.7	4.6
Other	0.0	2.0	0.0	2.0
Tax Refunds - Outstanding	0.0	0.0	7.5	7.5
Subtotal	83.5	99.7	21.3	121.0
Transform 503(b)(9) Obligations	0.0	12.0	0.0	12.0
Total Sources	\$83.5	\$111.7	\$21.3	\$133.0 Total Increase: \$49.5

Post-Confirmation Update on Uses

Uses remain within
confirmation
estimate range

(\$ in millions)	Confirmation Date Estimates		Estimates as of 5/30/20 through May June 2020		
			2020	forward	Total
USES	Low	High			
503(b)(9)	\$90.0	\$155.0	\$15.4	\$84.6	\$100.0
Other Admin Claims	50.0	50.0	5.6	28.7	34.3
Secured	18.0	18.0	0.0	18.0	18.0
Priority Tax	15.0	18.0	0.0	15.0	15.0
Priority Non-Tax	3.0	3.0	0.0	6.0	6.0
Subtotal	176.0	244.0	21.0	152.3	173.3
Other Post Confirmation Expenses/Liabilities	9.0	9.0	27.3	19.8	47.0
Liquidating Trust Funding	25.0	25.0	25.0	0.0	25.0
Total Uses	\$210.0	\$278.0	\$73.3	\$172.0	\$245.3

Post-Confirmation Update on Certain Litigation Sources

The difference between non-litigation Sources and Uses has narrowed since confirmation

Litigation-related estimates total more than two times the difference between estimates of non-litigation Sources and Uses

(\$ in millions)	Confirmation Date Estimates	Estimates as of 5/30/20
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	Low	High	
Total Sources	\$83.5	\$83.5	\$133.0 Total Increase: \$49.5
Total Uses	210.0	278.0	245.3 Total within confirmation range

Adjusted Difference (without ESL-Related Litigation and Avoidance Action Proceeds)*

Assuming No Transform 503(b)(9) Recovery	(136.5)	(204.5)	(112.3) Below low end of confirmation range
Assuming Full Transform 503(b)(9) Recovery	(46.5)	(114.5)	(112.3) Within confirmation range

(\$ in millions)	Confirmation Date	Estimates as of 5/30/20		
		through May 2020	June 2020 forward	Total

Estimate of Additional Litigation Proceeds

Avoidance Recoveries	\$100.0	\$17.8	\$59.7	\$77.5
ESL Litigation Proceeds	168.0	0.0	168.0	168.0
Total Additional Litigation Proceeds	\$268.0			\$245.5

Conclusion

- Net, the Debtors' performance and go-forward estimates remain consistent with confirmation estimates
- The Debtors stand ready to work with the remaining disputed creditors to resolve their claims in time for the upcoming distribution

Disclaimer

The oral presentation accompanying these written materials is integral to the presentation and analyses discussed herein.

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